

Project Overview

The Alaska Forward Initiative is a program of action that will ultimately provide Alaska's policy and decision makers with on-going private sector inputs and engagement for sound economic development. Phase I of the initiative, performed in 2009 and early 2010 was an investment in accurate assessment of our current economic situation. The situational analysis generated by the project research team recognized that Alaska is experiencing accumulating levels of future risk and declining economic resiliency due to:

- Continuing declines in oil production (source of 85% of state revenue)
- Uncomfortable trends in other natural resource sectors
- Aging workforce
- Outmigration
- Weak culture of entrepreneurship
- Remoteness and related infrastructure challenges including high energy and transportation costs

As a community, we have examined the problem endlessly. It is time to take action to improve the competitiveness of our key industries in the international economy. Recommendations of the Phase I consulting team focused on moving Alaska's economic development discussion into an industry cluster development model. Phase II of the Alaska Forward Initiative implements those recommendations.

Industry cluster development is a process of integrating what would otherwise be a clump of co-located firms and organizations into a high performance system. The process involves facilitating industry cluster working groups, and supporting extensive informal and formal networking between firms—even competitors—across an industry cluster. The goal is to promote and develop a business culture that enables both competition and cooperation to thrive.

What is an industry cluster?

An industry cluster is a set of firms:

- Located in the same geographic area;
- Linked by service or supplier relationships, common customers and/or supporting institutions;
- Share reliance on regional labor market;
- Complement but also compete with one another; and
- Draw productive advantage from their mutual proximity.

Characteristics of industry clusters include:

- Firms are exporters of goods or services, generating economic activity for the region.
- Firms are actively integrated with research and development institutions, universities and other intermediary actors such as universities, economic or regional development agencies, chambers, etc.
- Firms participate in continuous, fast knowledge exchange and cooperation between other cluster participants that contributes to the competitive increase of both the members and the whole region.
- Competitive optimization is at a system, rather than individual organization level. An active local cluster includes firms and support organizations working together to achieve results that would not be possible individually.
- Famous cluster examples include the information technology industry in Silicon Valley, the wine industry in Napa/Sonoma Valleys and more recently, the comprehensive statewide economic development strategy articulated by the Oregon Business Plan project.

ALASKA FORWARD

TOWARD A NEXT GENERATION ECONOMY

What is the implementation strategy?

- Establishment of criteria (regional, NAICS codes, etc.) that comprise a representative cluster sample.
- Identification of leaders in each industry willing to collaborate for the good of their collective industry.
- Formation of industry cluster working groups.
- Conduct facilitated working sessions to identify opportunities, challenges and strategic action initiatives to strengthen selected industries.
- Implement action items generated from the working group process.

How does cluster development fit in the full scope of a statewide economic development strategy?

- Through an active public-private partnership, the action initiatives developed through the working group process will be incorporated into a comprehensive economic development strategy for Alaska.

Who is behind Alaska Forward?

- Various entities have collaborated to date in this effort, including local economic development organizations from throughout Alaska as represented by the Alaska Partnership for Economic Development, the Alaska State Chamber of Commerce, the University of Alaska, the State of Alaska and the Denali Commission.
- Senior Alaskan business and civic leaders have provided guidance and support to this effort.
- More partners are needed for this effort to have a meaningful impact on our state's economic future.

What are Alaska's Industry Clusters?

The situational analysis identified eleven clusters in Alaska:

- Advanced Business Services
- Community and Social Services
- Federal Government
- Fishing and Seafood Processing
- Forestry and Wood Products
- Logistics and International Trade
- Military
- Mining
- Oil and Gas
- Specialized Machinery/Capital Goods
- Tourism

... and twelve potential or "seed" clusters:

- Alternative Energy and Clean Energy
- Cold climate technology

- Rocket launch technology
- Cold climate housing
- Specialized super computing capabilities
- Distance delivery-education, medical and management services
- Specialty solvents
- Light aircraft operations and maintenance/navigation
- Marine and arctic biological sciences/potential for aquaculture
- Remote communications technologies/systems
- Aerospace technology/operations
- Naturally grown/grazed food products

Alaska's business, owners, trade associations and industry supports are invited to participate in the development of active cluster working groups. Together we can build a strategy that will ensure a sound economy for generations to come.